

## **Draft findings and policy recommendations**

### **Better information about tax credits and need application assistance**

Finding: Only 16% of businesses reported applying for the Employee Retention Tax Credit, which can provide businesses up to \$26,000 per employee whom they kept on staff through COVID-19. Other federal tax credits were also underutilized (14% businesses applied for sick/family leave credits, Restaurant Revitalization Fund, etc.)

#### Recommendation: Draw down Federal Employee Retention Tax Credits

Communication campaigns can encourage small business owners to take advantage of available credits and provide direction on how to begin the process, potentially drawing down significant federal dollars into the local economy.

### **Assistance finding and hiring employees**

Finding: Businesses noted that with the high costs of living in San Francisco, there is a shrinking workforce in many of their industries. They requested help with recruiting and retaining employees.

#### Recommendation: Utilize the City's Workforce Development Department

The City's Workforce Development team trains and connects residents with career growth opportunities and job recruitment services. Closer collaboration with the Office of Small Business can ensure that smaller employers are aware of, and utilize, those job recruitment services. Recent small business job fairs hosted by the Workforce Development Department have been well attended and successful; there is an opportunity to build on that momentum.

### **Invest in safer and cleaner streets**

Finding: Concerns for worker safety and business security came up frequently throughout the survey, as did complaints that sidewalks were filthy and smelly. Qualitative responses from business owners noted that the burden of cleaning sidewalks frequently falls to small businesses and their employees. There are many ways to address these concerns so this survey specifically asked about three evidence based interventions: targeted law enforcement through bike and foot patrols, non-police community ambassador models, and improvements to the built environment.

#### Recommendation: Implement Police foot/bike patrols

Businesses indicated widespread support for additional foot/bike patrols. 77% of business owners thought they would have a very positive/positive impact. Having a police presence in business districts provides a sense of security to business owners and shoppers, and also serves as a deterrent to crime. 15% of businesses would like either greater security around their business or grants to install security systems or cameras.

#### Recommendation: Develop small business directories

Although every neighborhood has a local district police station, business owners and their employees are not always familiar with local beat officers or have their up-to-date contact information. Likewise, district police stations should have a directory of business owners readily available should a break-in or other emergency occur.

#### Recommendation: Expand community ambassador programs

74% of business owners also supported non-police community ambassadors or street monitors. Ambassador programs have been an increasingly utilized alternative to police in commercial districts for a variety of reasons: some communities feel uncomfortable with greater police presence, and/or staffing shortages at the San Francisco Police Department have limited availability to provide officers. Some neighborhoods already have community ambassador programs; others do not, and there are different ambassador models throughout the City. Some focus on wayfinding and supporting visitors/tourists, others employ retired police officers, and some focus on employing formerly incarcerated individuals. Regardless of what community ambassador program is utilized, all should have direct connections with 311 and first responders.

#### **Eliminate excessive fees and taxes**

Finding: Many businesses cited ongoing City taxes and fees as a reason that they felt that San Francisco was not a good place to own a small business. With such high fees, they are unable to retain qualified employees as they struggle with the increased costs of doing business. The City has passed recent legislation to extend fee waivers for new businesses (the First Year Free program) and established a small business exemption within the City's Gross Receipts Tax. Efforts to streamline permitting and zoning requirements for small businesses have also reduced the financial burden of opening or modifying a business.

#### Recommendation: Healthcare Security Ordinance Reform

Survey respondents specifically cited the Healthcare Security Ordinance (HSCO), as an outdated fee that they pay. HCSO was implemented in 2007 and mandated that businesses with 20 or more employees to contribute to employee health access, either through coverage through a city-funded program, private insurance, or through a reimbursement program. Since 2013, as part of national health care reform, California now offers Covered California, an insurance marketplace for health coverage for all residents. As such, the HCSO is now duplicative to the Covered California. As of June 2022, the HCSO fund had \$775 million, in part because employees were unaware of their benefits or didn't know how to access them. Policymakers should consider returning unused funds to businesses, or reallocating them to benefit small business development.

#### Recommendation: Fee consolidation/simplification

Small businesses pay a range of fees depending on what they sell/serve. If a cafe moved into a storefront that required no interior upgrades or improvements it would pay an annual business registration/license fee, annual health permit (with inspection fees), a point of sale fee, food handlers permit fees, and an annual business property fee. If the cafe wanted to sell alcohol, have furniture on

the sidewalk, get a parklet, have an outdoor heater, or put up an awning/sign, each of those would be additional costs. A comprehensive review by each department associated with small business fees could identify potential administrative efficiencies to lower or eliminate outdated/rarely used fees.